CORRECTED FISCAL NOTE

SJR 1020

May 23, 2006

SUMMARY OF BILL: Requests users of state computers and computers running on state-sponsored or state-owned networks, including the networks of public colleges and universities within Tennessee, to be educated in the use of peer-to-peer file-sharing programs and how their use for illicit conduct can impact the economy and the creators and holders of copyrighted materials. Requests all state entities, state colleges and universities to develop policies regarding the use of peer-to-peer file-sharing programs on state computers and such policies should recommend management controls for such programs that pose risks to the security and integrity of state-owned and state-sponsored computer systems.   Administrators of state-owned networks, including colleges and universities should actively explore the availability and cost effectiveness of filtering, screening or blocking types of technology, for use in ensuring compliance with the policy.

ESTIMATED FISCAL IMPACT:

On May 22, 2006, we issued a fiscal note indicating a recurring increase in state expenditures to the TBR and UT systems of $526,000 and a one-time increase in state expenditures to the TBR and UT systems of $437,000. This estimate was based on a misinterpretation by the TBR and UT systems that the resolution *required* rather than *requested* the systems to implement the provisions set out in the resolution. Therefore, the estimated fiscal note of this resolution is:

> **(CORRECTED)**
> **Other Fiscal Impact – If the TBR and UT systems decide not to carry out the provisions requested by this resolution with regard to peer-to-peer file sharing services, the estimated fiscal impact would be minimal. Should the higher education systems decide to develop policies on peer-to-peer file sharing services, monitor peer-to-peer activity and offer on-line subscription services to students, there would be a recurring increase in state expenditures of $526,000 and a one-time increase in state expenditures of $437,000 to the TBR and UT systems.**
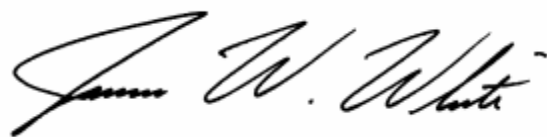
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Assumptions:

- According to the Tennessee Board of Regents and the University of Tennessee systems, if the systems were to develop policies regarding the use of peer-to-peer file-sharing programs on state computers and computers running on state-sponsored or state-owned networks, this would require the purchase of equipment to monitor the networks.
- Campuses with housing would need to evaluate the cost effectiveness of monitoring networks for peer-to-peer activity and employing other methods such as packet shaping and network access restrictions to limit illegal activities. Campuses would need to look at the cost effectiveness of offering subscription services for online content.
- If institutions were to monitor peer-to-peer activity and offer on-line subscription services to students, state expenditures would increase.
- One-time hardware/software required for monitoring networks for peer-to-peer traffic using Stateful Inspection and/or Deep Packet Inspection methodologies at a cost of $437,000. (TBR - $217,000; UT - $220,000)
- Recurring annual cost of maintenance on equipment of $51,000. (TBR - $25,000; UT - $26,000)
- Annual cost of adopting authorized licensed online content distribution and subscription services to on-campus residents is estimated to be $475,000. (TBR - $250,000; UT - $225,000)
- According to the TBR and UT systems, at the present time there is no source of funding for the hardware/software acquisitions that would be required to support this endeavor.
- According to the Department of Finance & Administration, Tennessee state government has in place an Acceptable Use Policy (AUP) pertaining to network access rights and obligations that complies with many of the requirements of this resolution.
- The AUP establishes guidelines for state-owned hardware and software, computer network access and usage, and Internet and email usage. This policy expressly prohibits use of the state network for unauthorized peer-to-peer networking or peer-to-peer file sharing.
- The AUP does not apply to computer users at TBR or UT system schools.
- OIR also has procedures in place to monitor network usage and to identify the presence of peer-to-peer file sharing programs and other unauthorized network usage.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

James W. White, Executive Director

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